

*In the Matter Of:*  
*The Financial Oversight and Management Board for Puerto Rico*

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*May 09, 2019*

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HEARING

THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD

FOR

PUERTO RICO

The hearing of:

FISCAL PLAN for the COMMONWEALTH OF PUERTO RICO,  
held on Thursday, May 9, 2019, at the Puerto Rico  
Convention Center, Room 208 and 209, located at 100  
Boulevard Saint John, San Juan, Puerto Rico 00907,  
beginning at 9:00 A.M.

HEARING

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APPEARANCES :

MEMBERS PRESENT :

JOSÉ B. CARRIÓN III - CHAIRMAN

ANDREW BIGGS

CARLOS M. GARCÍA

ARTHUR J. GONZÁLEZ

JOSÉ R. GONZÁLEZ

DAVID A. SKEEL

CHRISTIAN SOBRINO

NATALIE JARESKO - EXECUTIVE DIRECTOR

JAIME EL KOURY - LEGAL COUNSEL

1 express their view. Any person interested  
2 in a turn, please stand up. Once we  
3 recognize you, we'll turn the microphone on  
4 and it will be taken to your seat. Please  
5 state your full name and your affiliation,  
6 if you have one, and speak as clearly as  
7 possible. Would anybody like to make a  
8 public comment? Welcome.

9 MS. NOGALES: Yes. My name is Mariana  
10 Nogales Molineli. I am hereby representing  
11 "Junte de Mujeres." And I have two or  
12 three questions, if I may. I would like to  
13 know what are the essential services  
14 according to the Fiscal Control Board and  
15 according to Natalie Jaresko. I would like  
16 to know how can a country emerge and  
17 develop without proper funding to education  
18 and the University of Puerto Rico. I would  
19 like to know the views of the Fiscal  
20 Control Board on "Leyes de Cabotaje." And  
21 I would like to know the purpose of  
22 increasing the budget and the monies to the  
23 Police of Puerto Rico and if it has  
24 something to do with a regime of  
25 repression. Thank you.

1 MR. CARRIÓN: Okay. Natalie, I'll let  
2 you take the first two. I can answer  
3 the -- the third one is "Leyes de  
4 Cabotaje," it's the Jones Act. Right? And  
5 then the fourth, there's no -- the  
6 rationale behind the concept of dealing  
7 with the police issue has nothing to do  
8 with the premise of your question. It is  
9 related to the belief shared by the  
10 majority of people in Puerto Rico that  
11 without security you really can't have  
12 economic development or anything. So we've  
13 decided to -- and the government has  
14 decided to move those issues forward.

15 And the remaining issues, if you could  
16 please address the question.

17 MR. EL KOURY: Yes. On the essential  
18 services point, we have not defined  
19 essential services because PROMESA itself  
20 sets forth a structure whereby we have to  
21 actually consider 14 factors when we come  
22 up with our fiscal plan. Essential  
23 services is just one of those factors.

24 What we have tried to do is to balance  
25 the 14 factors rather than just defining

1 essential services and coming up with a  
2 strict nomenclature for that. I think it  
3 is in the benefit of the people of Puerto  
4 Rico actually not to define essential  
5 services, but rather to leave it as one of  
6 the factors that we must take into account.

7 MS. JARESKO: With regards to  
8 education, the University of Puerto Rico, I  
9 think everyone agrees there. It's  
10 absolutely critical to the economic  
11 development on the island. And that's why  
12 we're adding funding to it. That's why  
13 we've been supportive of the government's  
14 efforts to reform and improve educational  
15 outcomes in the public education sector.  
16 And that's why we've set up the  
17 means-tested scholarship funding for the  
18 University of Puerto Rico.

19 But at the same time, it's not always  
20 how much you spend, it's how you spend it.  
21 So with regard to the University of Puerto  
22 Rico, there's no question that the Fiscal  
23 Plan, which we're not discussing today, but  
24 is in place, requires increased tuition,  
25 requires looking for other sources, third

1 to invest, being able to invest requires  
2 hopefully the achievement of the goals this  
3 Financial Oversight Board has set for  
4 itself.

5 MR. JARESKO: With regard to the Jones  
6 Act, it's a congressional action that's  
7 required. We were supportive of the  
8 government's request for a -- since the  
9 long term full exception doesn't seem to be  
10 on the Congress's agenda, we were  
11 supportive of a shorter term exemption for  
12 the transport of L&G, which I understand  
13 has not been provided. But again, it is  
14 not in the Board's hand to make that  
15 decision.

16 MR. CARRIÓN: Thank you.

17 Does anybody have any additional  
18 questions or comments?

19 MR. SOBRINO: Yes, Mr. Chairman.  
20 Regarding the question on central services,  
21 we've addressed this also with some members  
22 of the press and in other forms stating  
23 that essential services depends on the  
24 amount of resource that -- how much -- what  
25 you classify as essential depends on the

1 amount of resources you have available to  
2 allocate.

3       So in a context we have a lot of  
4 resources. You can deem many things  
5 essential and you can -- but it's not only  
6 the categories. Within each category there  
7 are actions, there's contracting, there's  
8 different things you allocate to. And what  
9 we've always stated is that essential  
10 services are defined on a budget-by-budget  
11 basis on a fiscal plan-by-fiscal plan  
12 basis, depending on the amount of resources  
13 that are available for that allocation.

14       And I think if we look at what's  
15 happened today we can see that what we  
16 indicated before actually works. I might  
17 not be happy with large parts of the Fiscal  
18 Plan, but what I can recognize is that in  
19 August of last year we identified the need  
20 for additional resources in the police and  
21 in public safety. We had private and  
22 public debates that I'm sure were as  
23 frustrating to everybody on this table as  
24 it was for me. And the result of that is  
25 that we have reached a number of more



1 resources for public safety.

2 And the same in education. And the  
3 same in health. Areas that nobody in this  
4 room will doubt are essential services.  
5 Right? So we have to recognize that the  
6 definition would be used by our opponents,  
7 opponents of Puerto Rico, to pigeonhole our  
8 work and not help us use the process to  
9 actually allocate resources where we need.  
10 So I just wanted to add that to the  
11 comments.

12 MR. CARRIÓN: Thank you, Mr. Sobrino.

13 Any additional comments? Would  
14 anybody else like to make a public comment  
15 or question? "Sí."

16 MS. CARRASQUILLO: Good morning.

17 MR. CARRIÓN: "Bienvenida." Good  
18 morning.

19 MS. CARRASQUILLO: My name is Yadira  
20 Carrasquillo. And I'm here representing  
21 thousands, maybe millions of citizens here  
22 in Puerto Rico, United States, and  
23 international.

24 First thing, about essential services  
25 and the definition that you have to define

REPORTER'S CERTIFICATE

I, ANDREA CAMILO, E.R. Reporter, do hereby  
certify that the following transcript is a full,  
true and correct record transcribed by me.

I further certify that I am not interested in  
the outcome of the case named in said caption.

A handwritten signature in cursive script, reading "Andrea Camilo", is written over a horizontal line.

ANDREA CAMILO